UPDC REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2020

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FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2020

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PARTIES TO THE TRUST

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Off Awolowo Road, S.W. Ikoyi
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Fund Manager
FSDH Asset Management Limited
8th Floor
1/5 Odunlami Street
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Property Manager
UACN Property Development Company Plc (UPDC)
REIT Business Manager
3rd Floor
1/5 Odunlami Street
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Registrars
First Registrars Nigeria Limited
Plot 2 Abebe Village Road,
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Telephone: (01) 773086

Custodian
UBA Plc (Global Investor Services Division)
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Banker
United Bank for Africa Plc
Head Office Branch
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Auditor
PricewaterhouseCoopers
(Chartered Accountants)
Landmark Towers,
5B Water Corporation Drive
Victoria Island
Lagos
Telephone: (01) 2711700

Joint Trustees' Report on the UPDC Real Estate Investment Trust

For the Financial Statements for the year ended 31st December 2020

The Trustees present their Report on the affairs of the UPDC Real Estate Investment Trust, together with the Financial Statements for the year ended 31st December, 2020.

Principal activity:

The principal activity of the UPDC Real Estate Investment Trust (the "REIT") is to pool investment in a diversified portfolio of income-generating Real Estate in Nigeria with high growth potential in accordance with the Trustee Investments Act, the Investments and Securities Act (2007), the Securities and Exchange Commission's Rules and Regulations and the Trust Deed (the Applicable Regulations).

Results:

The results for the year ended 31st December, 2020 are set out on pages 9 and 10

Directors:

The Directors of the Fund Manager who served during the period under review were:

Mrs. Folasade Laoye	- Chairman
Mrs. Olumayowa Ogunwemimo	- Managing Director (Resigned 14 Aug 20)
Mrs. Tope Omojokun	- Managing Director (Appointed 14 Sep 20)
Mr. Tosayee Ogbomo	- Non Executive
Mrs. Hamda Ambah	- Non Executive (Resigned 6 May 2020)
Mrs. Folasade Ogunde	- Non Executive
Mr. Kelechi Okoro	- Non Executive
Ms. Yasmin Belo-Osagie	- Non Executive

The Directors of the Sponsor who served during the period under review were:

Mr. Wole Oshin	- Chairman
Mrs. Deborah Nicol-Omeruah	- Ag Managing Director/CEO
Mrs. Folakemi Fadahunsi	- Chief Financial Officer
Mr. Oyekunle Osilaja	- Non Executive Director
Mr. Adeniyi Falade	- Non Executive Director
Mr. Folasope Aiyesimoju	- Non Executive Director

Directors' and related parties' interest in the units of the REIT:

The Directors of the Fund Manager and Sponsor with direct beneficial interest in the units of the REIT are detailed below:

Mrs. Folashade Ogunde	471,000
Mrs. Hamda A. Ambah	60,000

None of the directors of FBNQuest Trustees Limited and United Capital

Trustees Limited has any direct beneficial interest in the units of the REIT.

Responsibilities of the Fund Manager:

The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements, which give a true and fair view of the state of affairs of the Real Estate Investment Trust during the period covered by the financial statements.

The Fund Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the REIT and enable the Fund Manager to ensure that the financial statements comply with the applicable regulations.

The Fund Manager is also responsible for maintaining adequate financial resources to meet its commitments and to manage the risks to which the Fund is exposed.

Responsibilities of the Trustees:

The responsibilities of the Trustees as provided by the Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring the activities of the Fund Manager and the Custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the Scheme's assets and holds them in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;
- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the Fund Manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the Fund are within the prescribed limits; and
- Acting at all times in the interest and for the benefit of unit holders of the Scheme.

Administration of the REIT:	During the period under review, the Fund was administered in accordance with the applicable regulations, taking into cognisance prevailing market conditions as well as preserving and minimising possible losses to unit holders' funds. In addition, FSDH Asset Management Limited resigned as Fund Manager to the REIT during the year and the process of replacing the Fund Manager is in progress.
Charitable donations:	The REIT did not make any charitable donations during the period.
Auditors:	PricewaterhouseCoopers, the REIT's Auditors, have indicated their willingness to continue in office.

By Order of the Joint Trustees

Adekunle Awojobi
FRC/2013/ICAN/00000002442
Managing Director
FBNQuest Trustees Limited
10, Keffi Street, Ikoyi
Lagos, Nigeria
29th March, 2021

Tokunbo Ajayi
FRC/2014/NBA/00000008349
Managing Director
United Capital Trustees Limited
Afriland Towers, 3rd & 4th Floors,
97/105, Broad Street, Lagos, Nigeria
29th March, 2021

UPDC REIT FUND MANAGER'S REPORT FOR DECEMBER 2020

The CBN reduced the Monetary Policy Rate (MPR) twice; From 13.5% to 12.5% and then to 11.5%. The asymmetric corridor was adjusted to +100/-700 bps around the MPR from +200/-500 bps. The cash reserve requirement (CRR) was increased to 27.50% whilst Liquidity Ratio (LR) was increased to 30% for Deposit Money Banks.

The year 2020 can be described as the year of unprecedented shifts and shocks. In the wake of the Covid 19 pandemic, the Nigerian real estate sector was one of the worst-hit sectors. Crude oil prices hovered around $42/bl and employment numbers weakened. For a frontier market dependent on oil revenues, this formed an unwieldy canvass for much of the year. The $30Trn global commercial-property market was tested once more as occupiers required less space understanding that work from home (WFH) may become the norm. Big brand hospitality chains saw bookings drop by over 94% and are unlikely to see pre-COVID levels until Q3 2021 at the earliest. Demand for student housing fell, a result of the universities' strike over funding agreements with the central government.

One of the biggest challenges the sector has faced in recent times is access to funding. The cost of building materials spiked, owing to the devaluation of the Naira, the Nigerian currency. This is because the Nigerian construction industry depends heavily on foreign importation for the raw materials and equipment they use for construction. The devaluation of the Naira caused a domino effect that led to inflation, hence making properties difficult to purchase for the average Nigerian. Currently, the real estate sector is facing a cost overrun. This rests greatly on the shoulders of customers, resulting in an increase in the price of properties and people losing their buying power.

Residential buyers appear more interested in city centre locations. Most prospects now prefer locations that are either in secure gated communities, a safe distance from the highways or both. There is a general shift toward the local investor as a source of investment. The demand for last mile industrial real estate is expected to grow, a result of the growth in online retail, logistics and pharma.

Despite a range of pressing challenges, Nigeria's real estate sector is set to continue expanding in the future, albeit at a slower pace than over the past decade. The way forward for investors looking to invest in the market would be through the residential and industrial sub-sector. There will always be a need for shelter, hence the residential marketing will still thrive.

UPDC REIT PERFORMANCE

The current market capitalization rose to N14.68bn (share price of N5.50 on outstanding shares of 2.67bn) as at December 2020 from N11.35bn it closed the previous year. The performance of the REIT was also impacted by the migration of funds from the low yielding fixed income market to the equities market, especially towards end of the year.

The asset allocation of the REIT as at 31 December 2020 is as stated below;

S/N	ASSET CLASS	ASSET ALLOCATION
1	Real Estate Assets	85.32%
2	Real Estate Related Assets	1.51%
3	Liquid Assets	13.17%
	Total	**100.00%**

The table below briefly describes the Real Estate assets held by the REIT, with the current rental yield and the class of tenants currently occupying the assets.

PROPERTY	LOCATION	CURRENT GROSS YIELD	PROPERTY TYPE	TENANTS	LENGTH OF TENANCY AGREEMENT	VACANCY RATE
Abebe Court	Ikoyi, Lagos	3.42%	Residential	A mix of corporate (84%) and individual (16%) client	Annually	3%
Victoria Mall Plaza Phase 1	Victoria Island, Lagos	3.53%	Residential	Corporate Client		0%

Victoria Mall Plaza Phase 2	Victoria Island, Lagos	5.83%	Commercial	Major international auditing/ consulting firm	Annually	0%
UAC Office Complex	CBD, Abuja	4.02%	Commercial	Various corporate clients including four (4) banks	30% annual; 50% biennially; 20% between 3 and 5 years	14%
Pearl Hostel 1	Lekki Expressway, Lagos	22.49%	Residential	Multi Tenants	biennially	0%
Kingsway Building	Marina, Lagos	6.18%	Commercial	Various corporate clients including a leading logistics company	Annually	0.5%

In line with the provisions of the Trust Deed, minimum of 90% of the REIT's distributable income will be distributed to unit holders at the end of every financial year. Distributable income represents the "profit after tax" add/less unrealised fair value (loss)/gain on investment property plus/minus realised gain/loss on disposed investment property.

Final distributions are not accounted for until they have been ratified at the Annual General Meeting (AGM) of the unit holders.

OUTLOOK

Demand for residential leases in secure gated communities will continue to grow along with locations a safe distance from major thoroughfares. The Grade A office market will return much different than what it was before the pandemic – with potentially higher vacancy rates and more competitive rent per sq metre. We expect that data centres, cell towers, power cabins and other 'alternatives' with a reliance on technology to benefit from the heightened use of technology.

The real estate projects that will benefit from the present, and increasingly, future trend would be mixed-use, combining residential, retail, office and alternative asset classes such as healthcare.

The industrial aspect will thrive during this Covid-19 period because of increased demand for warehousing and storage facilities. A lot of small and medium scale businesses will need places to store their products as retailing continue to go online (e-tailing). One certain thing is that COVID-19 will eventually pass, as this is not the first pandemic or crisis, although it might take a while for the commercial and hospitality sectors to bounce back. Hotels are being reopened gradually and people need to showcase their products, but developers and industry watchers are not expecting a very positive outlay of investments in the commercial sector (office buildings).

The Nigeria real estate market has had to switch gears. Whether it is the movement of demand away from grade 'A' office, retail and big brand hospitality to the adoption of technology. While pushing the conversation on healthcare, infrastructure, security and mortgages, more changes have been attempted (and actioned) over the last 10 months than in the last 3 years.

Industrial real estate is projected to grow based on sustained online retail and last mile delivery considerations. This is expected to drive infrastructure development. Hospitality's growth will depend on the release of a vaccine for Nigeria and the degree of innovation as pivoting to allied services. Land is expected to remain a resilient store of value and continue to attract investment.

All in all, we see a promising future for real estate investment especially in well located and properly priced residential assets; the industrial sector; alternative sector / asset class; and sectors with a reliance on technology and telecommunications.

Source: *Northcourt, CBN, FSDH Research*

STATEMENT OF THE FUND MANAGER'S RESPONSIBILITIES

The Fund Manager is responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Trust for the year ended 31 December 2020 and of the net income for the period ended 31 December 2020.

The responsibilities include ensuring that:

i. the Trust keeps accounting records which disclose with reasonable accuracy the financial position of the Trust and which ensure that the financial statements comply with the requirements of the relevant accounting standards;
ii. appropriate and adequate internal controls are established to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities;
iii. the Trust prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
iv. it is appropriate for the financial statements to be prepared on a going concern basis.

The Fund Manager accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with:

i. International Financial Reporting Standards
ii. Financial Reporting Council of Nigeria Act
iii. Investments and Securities Act
iv. Relevant circulars issued by the Securities and Exchange Commission.

The Fund Manager further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Fund Manager to indicate that the Trust will not remain a going concern for at least twelve months from the date of this statement.

BY ORDER OF THE FUND MANAGER
FSDH Asset Management Limited

Tosa Ogbomo	**Folashade Laoye**
Director	Director
FRC/2019/IOD/00000019531	FRC/2014/ICAN/00000006163
29 March 2021	29 March 2021

Independent auditor's report

To the Members of UPDC Real Estate Investment Trust

Report on the audit of the financial statements

Our opinion

In our opinion, UPDC Real Estate Investment Trust's ("the Trust's") financial statements give a true and fair view of the financial position of the Trust as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investments and Securities Act and the Financial Reporting Council of Nigeria Act.

What we have audited

UPDC Real Estate Investment Trust's financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2020;
- the statement of financial position as at 31 December 2020;
- the statement of changes in unit and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties – N26.5 billion (refer to notes 2.7, 4.3 and 16)	
We focused on this balance because significant judgement and estimate are made by management. The Fund Manager makes use of an external expert to perform these valuations. The valuation technique adopted for each property is determined by taking into consideration the current use of the property and the availability of market data on recent sales activities. Management considered the rental risk and future rental income in determining the value.	We assessed the independence, qualifications and expertise of the Fund manager's valuation expert to determine whether there were any matters that might have affected their objectivity or competence. We obtained the valuation report prepared by the Fund Manager for all properties and assessed whether the valuation technique adopted for each property was suitable in determining the fair value of the property. We carried out procedures to test whether property-specific information supplied to the valuation experts (such as rental income and title held on each property) reflected the underlying property records held by the Trust. We used property specific information and external data to independently develop a range of estimates and compared to the Fund Manager's estimates. We also reviewed the disclosure for compliance with relevant standards.

Other information

The Fund Manager is responsible for the other information. The other information comprises the Parties to the Trust, Trustees report, Fund Manager's Report, Statement of Fund Manager' Responsibilities, Value Added Statements and Five Year Financial Summary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund Manager and those charged with governance for the financial statements

The Fund Manager is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Investments and

Securities Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0498968

31 March 2021

Wura Olowofoyeku

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Wura Olowofoyeku
FRC/2017/ICAN/00000016809

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2020 N'000	31 December 2019 N'000
Rental income	6	**1,566,896**	1,686,205
Fair value gain/(loss) on investment property	17	**53,077**	(2,395,285)
Interet income on deposit with banks		**10,660**	12,413
Interest income on assets measured at fair value through profit or loss	7	**321,381**	679,853
Net gain on financial assets held for trading	8	**246,502**	100,782
Net gain on financial assets at fair value through profit or loss	9	**-**	6,129
Net gain on disposal of investment property	10	**101,453**	-
Other income	11	**118,343**	11,558
Revenue b/d		**2,418,311**	101,655
Impairment charge on receivables	16	**(5,485)**	(8,055)
Operating expenses	12	**(480,534)**	(542,893)
Profit/(loss) before tax		**1,932,292**	(449,293)
Tax		**-**	-
Profit after tax		**1,932,292**	(449,293)
Increase/(decrease) in net assets attributable to unit holders		**1,932,292**	(449,293)
Earnings per unit attributable to unit holders of the Trust			
Earnings/(loss) per unit - basic and diluted (Naira)	25	**0.72**	(0.17)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2020 N'000	31 December 2019 N'000
Assets:			
Balances with banks	13	**1,305,432**	3,174,924
Financial assets held for trading	14	**3,847,599**	928,673
Other assets	16	**231,670**	76,595
Property and equipment	18	**93,343**	140,302
Right of use assets	15	**19,003**	19,829
Investment property	17	**26,522,225**	26,893,847
Total assets		**32,019,272**	31,234,169
Liabilities:			
Accounts payable	19	**620,205**	114,493
Rent received in advance	20	**476,060**	556,522
Lease liabilities	15	**12,517**	10,676
Total liabilities		**1,108,782**	681,691
Net assets attributable to unit holders of the Trust		**30,910,490**	30,552,478
Represented by:			
Units and reserves attributable to unit holders of the Trust			
Unit holders' contributions	21	**26,682,695**	26,682,695
Retained earnings		**4,227,795**	3,869,783
		30,910,490	30,552,478

The accompanying notes form an integral part of these financial statements.

SIGNED ON BEHALF OF THE DIRECTORS OF THE FUND MANAGER ON 29TH MARCH 2021 BY

Folashade Laoye (Director of the Fund Manager)
FRC/2014/ICAN/00000006163

Tosa Ogbomo (Director of the Fund Manager)
FRC/2019/IOD/00000019531

Additional Certification:

Shehu Jamiu (Chief Financial Officer of the Fund Manager)
FRC/2018/ICAN/00000018878

STATEMENT OF CHANGES IN UNITS AND RESERVES

ATTRIBUTABLE TO UNIT HOLDERS OF THE TRUST

	Unitholders' contributions	Retained earnings	Total
	N'000	N'000	N'000
At 1 January 2019	26,682,695	5,866,672	32,549,367
Comprehensive income			
Loss for the year	-	(449,293)	(449,293)
		(449,293)	(449,293)
Transactions with unit holders in their capacity as unit holders:			
Distribution paid to unit holders	-	(1,547,596)	(1,547,596)
	-	(1,996,889)	(1,996,889)
At 31 December 2019	**26,682,695**	**3,869,783**	**30,552,478**
Comprehensive income			
Profit for the year	-	1,932,292	1,932,292
		1,932,292	1,932,292
Transactions with unit holders in their capacity as unit holders:			
Distributions paid to unit holders	-	(1,574,279)	(1,574,279)
	-	358,013	358,013
At 31 December 2020	**26,682,695**	**4,227,795**	**30,910,491**

STATEMENT OF CASH FLOWS

	Notes	31 December 2020	31 December 2019
		N'000	N'000
Cash flow from operating activities			
Cash generated from operating activities	22	**(1,027,466)**	2,890,125
Interest received		**340,470**	695,677
Net cash flow generated from operating activities		**(686,995)**	3,585,802
Cash flows from investing activities			
Proceeds from sale of investment property	17	**652,435**	-
Improvement of investment property	17	**(227,736)**	-
Purchase of property and equipment	18	**(32,916)**	(140,858)
Net cash used in investing activities		**391,783**	(140,858)
Cash flows from financing activities			
Principal element of lease payment	15	**-**	(11,550)
Distributions paid to unit holders		**(1,574,279)**	(1,547,596)
Net cash flow used in financing activities		**(1,574,279)**	(1,559,146)
Net increase in cash and cash equivalent for the period		**(1,869,492)**	1,885,797
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at start of period		**3,174,924**	1,289,127
Net increase in cash and cash equivalent for the period		**(1,869,492)**	1,885,797
Cash and cash equivalents at end of period	23	**1,305,432**	3,174,924

The accompanying notes form an integral part of these financial statements.

1 General information

The UPDC Real Estate Investment Trust the "Trust", established in June 6 2013, is a close-ended Real Estate Investment Trust which is listed on the Nigerian Stock Exchange (NSE). The units of the Trust can be bought and sold through a licensed stockbroker on the floor of the exchange.

The primary objective of the Trust is to enable investors earn stable income while preserving capital over the long term. This is achieved by ensuring stable cash distributions from investments in a diversified portfolio of income–producing real estate property and to improve and maximize unit value through the ongoing management of the Trust's assets, acquisitions and development of additional income-producing real estate property.

These financial statements were approved and authorised for issue by the Investment Committee on the 29 of March 2021.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). Additional information required by national regulations is included where appropriate. The financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified by the measurement of certain financial assets and investment property held at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Fund Manager to exercise its judgement in the process of applying the Trust's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Fund Manager believes that the underlying assumptions are appropriate and that the Trust's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements are presented in Naira, which is the Trust's functional and presentation currency. The figures shown in the financial statements are stated in thousands of Naira, unless otherwise stated.

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.2 Standards and interpretations effective during the reporting period

(a) Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (effective date: 1 January 2020)

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.
In particular, the amendments clarify:

· that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

·the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Revised Conceptual Framework for Financial Reporting (effective for annual reporting periods beginning on or after 1 January 2020)

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

· increasing the prominence of stewardship in the objective of financial reporting
· reinstating prudence as a component of neutrality
· defining a reporting entity, which may be a legal entity, or a portion of an entity
· revising the definitions of an asset and a liability
· removing the probability threshold for recognition and adding guidance on derecognition
· adding guidance on different measurement basis, and
· stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from 1 January 2020. The Trust is not impacted as it did not rely on the framework in determining the accounting policies for its transactions

(c) Covid19 Rent Concessions-Amendments to IFRS 16

As a result of the covid19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms including payment holidays and deferral of lease payments.
In May 2020, the IASB made an amendment to IFRS 16 which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.
In many cases, this will result in accounting for the concession as variable lease payments in the period in which they are granted.
Effective date is 1st June 2020.
The Trust had no related Covid19 related rent concessions as such there is no impact on the financial statements.

Standards and interpretations issued/amended but not yet effective

Certain accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods hand have not been early adopted by the Trust. These standards are not expected to have a material impact on our current or future reporting periods and on foreseeable future transactions. See list below:

Annual Improvements to IFRS Standards 2018 – 2020:

The following improvements were finalized in May 2020.
• IFRS 9 financial instruments – Clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
• IFRS 16 leases – To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
The effective date is 1st January 2022.

2.3 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Trust revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset.

At initial recognition, the Trust measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in the income statement when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, IFRS 9 the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial assets

Classification and subsequent measurement

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:
(i) the Trust's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Trust classifies its debt instruments into one of the following three measurement categories:

a) Financial assets measured at amortised cost

These represent assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

b) Financial assets measured at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through Other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the income statement.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in income. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
The Trust does not have any assets measured at FVOCI

c) Financial assets measured at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement and presented in the income statement within 'Net gains on financial instruments held for trading' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in income. Interest income from these financial assets is included in 'Interest income'.

C) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Trust subsequently measures all equity investments at fair value through profit or loss. Dividends, when representing a return on such investments, continue to be recognised in the income statement as other income when the Trust's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the "Net gains on financial instruments held for trading' line in the income statement.

Derecognition

transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Trust tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Financial liabilities

Classification and measurement
Financial liabilities are classified as subsequently measured at amortised cost. The trust's financial liabilities includes Rent received in advance, fees payable, accrued expenses and lease liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Trust and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Category (as defined by IFRS 9)	Classes as determined by the Trust		Subclasses
Financial assets	Amortised cost	Bank balances	Balances with banks
		Other assets	Rent receivables
			Receivable from property manager
	Financial assets held for trading (FVTPL)	Financial assets held for trading	Treasury bills
			Corporate bonds
		Financial assets at fair value through profit or loss	Investment in real estate development
Financial liabilities	Amortised cost	Account payables	Fund manager's fee payable
			Custodian fees payable
			Dividend payable
			Accrued expenses
		Rent received in advance	Rent received in advance
		Lease liability	Lease liabilities

2.4 Impairment

For trade receivables that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. As a practical expedient, a provision matrix has been used to estimate ECL for these assets.

The provision matrix simply involves applying the relevant loss rates to the balances outstanding across the different age bands i.e. rates applied depends on the number of days that a trade receivable is past due.

The loss rate is determined based on historical losses rate over a three-year period. The loss definition is any receivables balance that is over 365 days. The estimated historical loss rates have been appropriately adjusted to reflect the expected future changes using macroeconomic variables which serve as indicators of losses. Macro variables considered include GDP growth rate, inflation rate and exchange rate respectively.

Based on the assessment as at 31 December 2020, the loss rates for each age bucket are as follows:

Age bucket	Loss rate (%)
0-30 days	0%
31-60 days	0%
61-180 days	1.00%
Above 181 days	19.00%

2.5 Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Trust determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Trust's procedures for recovery of amounts due

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Trust or the counterparty.

2.7 Investment property

Investment property include income producing properties and property under development (land or building, or part of a building, or both) that are held by the Trust to earn rental income or for capital appreciation or both but are not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Investment property are initially recognized at property cost including related transaction costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value. Investment property under construction for which the fair value cannot be determined reliably, but for which the Trust expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Trust uses alternative valuation methods, such as recent prices on less active markets. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the statement of comprehensive income. Investment property are derecognised when they have been disposed or when no further economic benefits are expected from the property.
For investment property, the fair valuation is carried out by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For all investment property, their current use equates to the highest and best use.

Income on disposal of investment properties are recognised in the statement of comprehensive income as 'net gain/loss on disposal of investment property'.

2.8 Interest income and expense

Interest income for all interest-bearing financial instruments are recognised within 'interest income' in the statement of comprehensive income using the effective interest method. The Trust does not have any interest expense as at the reporting date.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:
(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.9 Rental income from property

Rental income from investment property is recognised on a straight-line basis over the lease term. When the Trust provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Rental income earned but yet to be paid by the tenant(s) is recorded as "rent receivables" in the notes to the account and reported under "other assets" in the statement of financial position.

Rent paid in advance and yet to be earned are recorded as "Rent received in advance" in the statement of financial position.

2.10 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. An asset is recognised when it is probable that economic benefits associated with the item flow to the Trust and the cost of the item can be reliable measured.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognized net within other operating income in statement of comprehensive income.
The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each date of the statement of financial position. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in statement of comprehensive income.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset is not depreciated while it is classified as held for sale.

The estimated useful lives for the period are as follows:

-Office equipment	- 33.33%
-Fixtures & fittings	- 33.33%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

2.11 Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents are balances that are held for the primary purpose of meeting short term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash, are subject to insignificant risk of changes in value and whose original maturity is three months or less. This includes placements with banks and other short-term highly liquid investments which originally matures in three months or less (such as treasury bills with less than 3 months maturity)

2.12 Taxation

The Trust is domiciled in Nigeria. There is no income, estate, corporation, capital gains or other gains or taxes payable by the Trust. The Trust only incurs withholding taxes on dividend and rental income. The Trust did not earn any dividend income during the period ended 31 December 2020 (December 2019: Nil). The Trust also charges value added tax on sale of investment property or any part thereof and remits same to the responsible tax authorities.

2.13 Distributions

Distributions are recognised in retained earnings in the period in which they are approved by the Joint Trustees. Distributions for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note in the financial statement.

2.14 Unit holding

Holdings of the Trust are classified as unit holding. Incremental costs directly attributable to the issue of new units, are shown as a deduction against unitholders contributions.

2.15 Earnings per unit

Basic earnings per unit is calculated by dividing the profit/(loss) for the year by the weighted average number of units in issue during the period.

Diluted earnings per unit is calculated by adjusting the weighted average number of units outstanding to assume conversion of all dilutive potential units.

3 Risk Management Objective and Policies

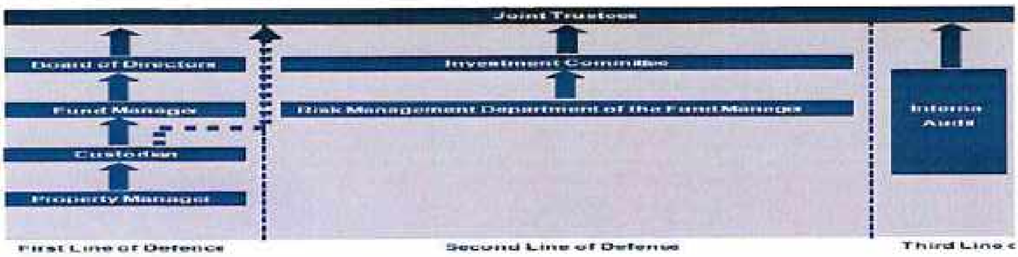
3.1 Financial risk management

The Trust generates revenues for unit holders by investing in various income generating activities which include rental income on investment property, trading real estate equity securities on the stock exchange and trading in government securities. These activities expose the Trust to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and interest rates. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Fund Managers under direction of the Investment Committee and FSDH Holdco's Group Risk Management Department. The Investment Committee works within policies approved by the Trust's Trustee. Fund Managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks. The Group Risk Department provides the Fund Managers with written guidelines for appropriate investments. These guidelines are reviewed on a regular basis and are within the Collective Investment Scheme regulations issued by the Securities and Exchange Commission (SEC).

The investment risk management framework also adheres to regulatory requirements in relation to investment policies; assets mix, valuation, diversification, asset and liability matching, and risk management. It also includes setting market, credit, liquidity and other investment risk management strategies and policies, developing management procedures to ensure that investments are only transacted in line with these policies, and having an appropriate system of measurement, monitoring, reporting and control underpinning investment activities.

Risk Management Governance structure



The Trust investments are made by the Fund Manager with the consent and approval of the Investment Commitee in any of the following asset classes and in accordance with the maximum limit allowed. The limit allowed for each investment class is as stated below:

Asset Class	Minimum Limit	Maximum Limit
Real estate property	75.00%	100.00%
Real estate related assets	0.00%	25.00%
Liquid assets	0.00%	10.00%

This implies that:

1. A maximum of 100% or a minimum of 75% of the REIT's assets may be invested in real estate (property)
2. A maximum of 25% or a minimum of 0% of the REIT's assets may be invested in real estate related assets such as equities of a real estate company
3. A maximum of 10% or a minimum of 0% of the REIT's assets may be invested in liquid assets

The Investment Committee is made up of three independent members (one of whom is the Chairman) who are seasoned professionals in real estate business and two representatives each of the Fund manager, trustees and property manager.

The Trust's financial instruments are categorised as follows:

31 December 2020	Financial Assets		Financial Liabilities
In thousands of Nigerian Naira	Amortised cost	Financial assets at fair value through profit or loss	At amortised cost
Financial assets:	N'000	N'000	N'000
Bank balances			
-Balances with banks	1,305,432	-	-
Financial assets held for trading			
- Treasury bills	-	1,066,602	-
- Corporate bonds	-	595,929	-
- FGN Promissory notes	-	2,165,068	-
Other assets			
- Rent receivables	63,759	-	-
- Receivable from property manager	142,594	-	-
- Receivable on James Pinnock Estate	6,129	-	-
- Others	-	-	-
Financial liabilities:			
Account payable	-	-	619,990

31 December 2019	Financial Assets		Financial Liabilities
In thousands of Nigerian Naira	Amortised cost	Financial assets at fair value through profit or loss	At amortised cost
Financial assets:	N'000	N'000	N'000
Bank balances			
-Placement with banks	3,174,924	-	-
Financial assets held for trading			
- Treasury bills	-	161,839	-
- Corporate bonds	-	766,834	-
Other assets			
- Rent receivables	55,757	-	-
- Receivable from property manager	-	-	-
- Receivable on James Pinnock Estate	6,129		
Financial liabilities:			
Accounts payable	-	-	114,278

3.2 Liquidity risk

Liquidity risk is the risk that the Trust though solvent, has insufficient liquid assets to meet its obligations such as operational costs and distribution to unit holders when they fall due. The liquidity profile of the Trust is a function of the asset mix as enunciated in the investment guidelines. To the extent that they are predictable, immediate demands for cash are not expected to pose undue liquidity risk for the Trust. An immediate demand for cash can only be a risk if there is liquidity shortage. The Trust will invest 10% of its total portfolio in liquid assets of diversified nature and staggered tenors in order to ensure that it is always able to meet its obligations.

The Trust being a closed ended Trust would not be faced with liquidity requests for redemption of units as units can only be sold to willing buyer(s) on the floor of the Nigerian Stock Exchange (NSE)

Liquidity maturity analysis

The tables below analyse the Trust's financial assets and financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2020

Financial assets	Due on demand	Due within 3 months	Due within 3 & 12 months	More than 1 year	Total
	N'000	N'000	N'000	N'000	N'000
Bank balances					
- Balances with banks	1,305,432	-	-	-	1,305,432
Rent receivable	77,299	-	-	-	77,299
Receivable from property manager	142,594	-	-	-	142,594
Receivable on James Pinnock Estate	6,129	-	-	-	6,129
Financial assets held for trading					
- Treasury bills	-	1,067,000	-	-	1,067,000
- Corporate bonds	-	14,343	63,844	582,094	660,281
- FGN Promissory notes	-		957,941	1,410,000	2,367,941
	1,531,454	1,081,343	1,021,785	1,992,094	5,626,676
Financial liabilities	-	619,990	-	-	619,990
Lease liability	-	-	-	12,517	12,517
Net financial asset	1,531,454	1,081,343	1,021,785	1,979,577	4,994,169
Net assets attributable to equity holders					30,910,490
Percentage of liquid financial assets to Net assets attributable to equity holders					16%

31 December 2019

Financial assets	Due on demand	Due within 3 months	Due within 3 & 12 months	More than 1 year	Total
	N'000	N'000	N'000	N'000	N'000
Bank balances					
- Balances with banks	3,174,924	-	-	-	3,174,924
Rent receivable	63,812	-	-	-	63,812
Receivable from property manager	-	-	-	-	-
Receivable on James Pinnock Estate	6,129				6,129
Financial assets held for trading					-
- Treasury bills	-	152,122	9,717	-	161,839
- Corporate bonds	-	25,500	101,970	806,848	934,318
	3,244,865	177,622	111,687	806,848	4,341,022
Financial liabilities	-	114,278	-	-	114,278
Lease liability	-	-	-	11,550	11,550
Net financial asset	3,244,865	63,344	111,687	806,848	4,215,194
Net assets attributable to equity holders					30,552,478
Percentage of liquid financial assets to Net assets attributable to equity holders					14%

3.3 Credit risk

The Trust is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Trust is exposed arises from the Trust's investments in debt securities. The Trust is also exposed to counterparty credit risk on cash and cash equivalents, and rent receivable from tenants. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal.

The Trust considers the credit exposure to geographical sectors as immaterial as all the credit risk exposures are domiciled in Nigeria for all periods.

The maximum exposure to credit risk is the carrying amount of the financial assets as set out below.

Sector analysis of credit risk exposure

31 December 2020

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	3,251,670	-	3,251,670
Financial Institutions	1,305,432	-	-	1,305,432
Corporate	-	595,929	142,594	738,523
Others	-	-	69,888	69,888
	1,305,432	3,847,599	212,482	5,365,513

31 December 2019

	Bank balances	Financial assets held for trading	Other assets	Maximum Exposure
	N'000	N'000	N'000	N'000
Government	-	152,122	-	152,122
Financial Institutions	3,174,924	-	-	3,174,924
Corporate	-	766,834	-	766,834
Others	-	-	61,886	61,886
	3,174,924	918,956	61,886	4,155,766

The financial assets to which the Trust is exposed are mainly Federal Government of Nigeria (FGN) treasury bills and promissory notes to which as Nigeria's sovereign obligations, have low credit risk, corporate bonds and call placement with banks.

A rating grid which shows the ratings of all financial assets is illustrated below.

	31 December 2020	31 December 2019
	N'000	N'000
A to AA	142,594	851,132
AAA	595,929	667,987
BBB	-	98,847
B	1,305,432	-
Unrated	3,251,670	167,968
	5,295,625	1,785,934

The credit quality above was assessed with reference to Agusto & Co's rating (credit rating agency) at 31 December 2020 and 31 December 2019.

3.4 Market risk

(a) Price risk

This is the risk that prevailing market forces of demand and supply may negatively impact the Trust's underlying asset values and its ability to attain projected performance based on declining rental income and therefore result in reduced distributions to investors.

The Trust's exposures to the capital market make it susceptible to movements of prices of debt securities' in its portfolio. It is expected that some of the Trust's equity investments may be quoted on the Nigerian Stock Exchange (NSE). In managing the risk arising from this class of investments, the Trust ensures diversification of its portfolio to include different sectors of the economy. Diversification of the portfolio is done in accordance with limits set by the Trust's Trust Deed and Investment Committee which provides for investments subject to a maximum of 25% of the value of the Trust in equities. The Trust's investment in treasury bills and corporate bonds are also quoted on the Financial Market Dealers Quotations (FMDQ).

The Trust's does not have any equity investment affected by price movement as at 31 December 2020.

Over-supply and/or softening demand for real estate as a function of general economic conditions, will impact property values and rental income, as demand and supply imbalance will have a negative impact on real estate prices. Consequently, reduced occupancy levels and declining rental values will affect the Trust's operating performance, portfolio valuation and ultimately its capacity to distribute returns to investors.

With the expertise and track record of the Fund Manager, Property Manager and members of the Investment Committee, we expect that adverse changes in market conditions shall be effectively managed to ensure minimal impact on the operations and value of the Trust. Potential changes in market risk indicators such as adverse economic conditions that impact price of the underlying asset values are expected to be tabled before the Investment Committee by the Fund Manager for deliberation to ensure effective and proactive assessment and management of the risk.

Classification of financial assets

	31 December 2020 N'000	31 December 2019 N'000
Financial assets held for trading	3,847,599	928,673
	3,847,599	928,673

The impact on the Trust's net asset attributable to unit holders if prices of financial asset held had increased or decreased by 5% with all other variables held constant is shown below:

Increase	192,380	46,434
Decrease	(192,380)	(46,434)

(b) Cashflow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cashflows. The Trust's exposure to cashflow interest rate risk which is the risk that the future cashflows of a financial asset will fluctuate because of changes in market interest rates is minimal as it holds mainly cash and cash equivalents with fixed interest and has no interest bearing financial liabilities.

The Trust also holds fixed interest securities which expose the Trust to fair value interest rate risk. The Trust's fixed interest rate financial assets are government securities (treasury bills), Corporate bonds and call balances with financial institutions.

However, the Trust may be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Trust invests. The risk here is not significant since the assets are fair value through profit or loss. The sensitivity of this on the Trust's net assets attributable to equity holders is represented in the table below.

The table below shows the impact on the Trust's profit before tax if interest rates on the financial assets held for trading had increased by 100 basis points, with all other variables held constant.

	31 December 2020 N'000	31 December 2019 N'000
Effect of 100 basis points movement on profit before tax		
Increase	38,476	9,287
Decrease	(38,476)	(9,287)

(c) Foreign exchange risk

The Trust did not have investments denominated in foreign currency as at 31 December 2020 (December 2019: Nil) and as a result was not exposed to foreign exchange risk.

3.5 Capital management

The capital of the Trust is represented by equity. The Trust is a closed-ended Trust as such there are no daily subscriptions and redemptions that can affect the capital of the Trust as the Trust can only be traded at prices determined by the forces of demand and supply on the Nigerian Stock Exchange.

The Fund Manager's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt. Also there is no regulatory capital requirement for the Trust.

3.6 Fair value estimation

Financial assets and liabilities not measured at fair value

	31 December 2020 Carrying Value N'000	31 December 2020 Fair value N'000
Financial assets		
Bank balances		
- Placement with banks	1,305,432	1,305,432
- Other assets	212,482	212,482
	1,517,914	1,517,914
Financial Liabilities		
Other liabilities	619,990	619,990
	619,990	619,990

	31 December 2019 Carrying Value N'000	31 December 2019 Fair value N'000
Financial assets		
Bank balances		
- Placement with banks	3,174,924	3,174,924
- Other assets	61,886	61,886
	3,236,810	3,236,810
Financial Liabilities		
Other liabilities	114,278	114,278
	114,278	114,278

For financial assets and liabilities not measured at fair value, their carrying values are reasonable approximation of their fair value.

Fair value hierarchy of financial assets and liabilities not measured at fair value is shown below.

At 31 December 2020 (N'000)

	Level 3	Total
Balances with banks	1,305,432	1,305,432
Other assets	212,482	212,482
	1,517,914	1,517,914
Other liabilities	619,990	619,990
	619,990	619,990

At 31 December 2019 (N'000)

	Level 3	Total
Balances with banks	3,174,924	3,174,924
Other assets	61,886	61,886
	3,236,810	3,236,810
Other liabilities	114,278	114,278
	114,278	114,278

Financial Instruments measured at fair value

Treasury bills, FGN promissory notes and bonds

Treasury bills and FGN promissory notes represents short term instruments issued by the Central Bank of Nigeria. Bonds are debt instruments or contracts issued for an agreed period of time. The investor lends an amount of money to the issuer and earns interest on the investment until the maturity of the bond when the principal will be repaid. The fair value of actively traded treasury bills, FGN promisory notes and bonds are determined with reference to quoted prices (unadjusted) in an active market for identical assets.

The fair values for bonds are obtained from the Financial Markets Dealers Quotations (FMDQ) bond price index. The bond prices are model prices derived from a modelled yield. The modelled yield is calculated by adding a risk premium to the valuation yield (corresponding tenor to maturity (TTM) yield interpolated off the FGN bond theoretical spot rate curve). This is used to calculate the bond bid price.

Risk premiums are derived by 2 methods described below;

1. Apply risk spread on latest acceptable trade for the respective bonds i.e. determine the spread between the bond yield on the latest acceptable trade and the FGN bond spot rate of comparable TTM.

2. Apply risk spread at issuance i.e. determine the spread between the bond yield at issuance and the FGN bond spot rate of comparable TTM. However, where the risk spread at issuance is less than 1% (100 basis points), a base risk premium of 100 basis points is applied.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Trust's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirecily (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs) This hierarchy requires the use of observable market data when available.

The Trust considers relevant and observable market prices in its valuations where possible.

Fair value hierarchy of financial assets is shown below

At 31 December 2020 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Held for trading	1,662,531	2,185,068	-	3,847,599
	1,662,531	2,185,068	-	3,847,599

At 31 December 2019 (N'000)

	Level 1	Level 2	Level 3	Total
Financial assets				
- Held for trading	795,256	133,417	-	928,673
	795,256	133,417	-	928,673

4 Critical accounting estimates and judgements

The Trust's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Fund Manager makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standards. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Fund Manager's judgements for certain items are especially critical for the Trust's results and financial situation due to their materiality. These judgements and estimates include:

4.1 Equity holders classification

The units of the Trust are not redeemable and are therefore not carried as financial liabilities. The Trust is a close-ended trust.

Units are bought or redeemed at prices determined by the forces of demand and supply on the Nigerian Stock Exchange (NSE) with no guarantees to the equity holders of principal or return.

The units are treated as equity in line with IAS 32/ IFRS 9.

4.2 Classification and measurement of financial assets

Financial assets that are measured on the basis of fair value are designated at fair value through profit or loss at initial recognition. The Trust has elected to measure its investment in First Festival Mall Limited at fair value through profit or loss.

4.3 Valuation of investment property

Investment property include income producing property and property under development (land or building, or part of a building, or both) that are held by the Trust to earn rentals or for capital appreciation or both.

The Trust's investment property are measured at fair value. The Trust holds seven investment property being office and residential buildings in Lagos, Abuja and Aba. The buildings are as listed below:

Property	Abebe Court, Ikoyi	VMP I, Victoria Island	VMP II, Victoria Island	UAC Commercial Complex, Abuja	No 1 -2 Factory Road, Aba	Pearl Hostel, Ibeju-Lekki	Kingsway Building, Marina	Total
State	Lagos	Lagos	Lagos	FCT Abuja	Abia	Lagos	Lagos	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Beginning balance	4,989,300	5,780,000	10,403,414	1,806,544	652,435	370,535	2,891,619	26,893,847
Disposals	-	-	-	-	(652,435)	-	-	(652,435)
Improvement	105,782	-	-	44,855	-	20,142	56,958	227,736
Unrealised fair value gain/(loss) recognised in the statement comprehensive income	916,983	110,000	(814,345)	(15,595)	-	(78,085)	(65,883)	53,076
Fair value at 31 December 2020	6,012,065	5,890,000	9,589,069	1,835,804	-	312,592	2,882,694	26,522,224

Valuation Process

The fair value is based on valuation prepared by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The professional valuer engaged for the preparation of the valuation reports is DIYA FATIMILEHIN & CO (ESTATE SURVEYORS & VALUERS), FRCN number (FRC/2013/NIESV/00000002273 & FRC/2013/NIESV/00000000754).

After the submission of the valuation report from the valuer, the Investment Committee which comprises of highly knowledgeable professionals in real estate business reviews the report.

At the financial year end, the Fund Manager and the Property Manager:

- verify all major inputs to the independent valuation report;
- assess property valuation method used and movements when compared to the prior year valuation report;
- hold discussions with the independent valuer, when necessary.

Valuation techniques

In carrying out the valuation, below are the various methods adopted by the valuer in determining the market value of investment property.

- Direct market comparison method
- Investment/income capitalisation method
- Redevelopment method

The adoption of these methods for a particular property depends on the type and market condition of the property. One or both methods could be used for a particular property at a particular time by way of cross-checking figures. The valuer uses his discretion to adopt the most appropriate method suitable to that type of property being valued.

Direct market comparison is the most reliable and used where there is a form of recent sales price and current construction cost rate.

This method was adopted for the valuation of the VMP 1 in the current year because there is evidence of availability of recent price data for comparable properties. This is consistent with the valuation method applied in prior year.

Investment/income capitalisation method is usually adopted in determining the market value of an income producing property in the form of rentals. This method stands more appropriate in the absence of direct market comparison discussed above.

This method was adopted for the VMP II, Pearl Hostel, Kingsway Building and UAC commercial complex, Abuja because these properties are income generating and there are evidence of current rentals earned on the property.

Investment/Redevelopment method. This method assumes that a prospective buyer would be prepared to demolish and rebuild the building in line with the ongoing rejuvenation of properties in the area. This method was adopted for Abebe Court, Ikoyi due to its prime location and putting the property in it's highest and best use. This is a change from the direct method approach used for the valuation of the property in prior year.

Investment property and valuation methods and assumptions used

Property State	Abebe Court, Ikoyi Lagos N'000	VMP I, Victoria Island Lagos N'000	VMP II, Victoria Island Lagos N'000	UAC Commercial Complex, FCT Abuja N'000	Pearl Hostel, Ibeju-Lokki Lagos N'000	Kingsway Building, Marina Lagos N'000
Valuation method	Redevelopment method	Market value	Investment / Income capitalisation	Investment / Income capitalisation	Investment / Income capitalisation	Investment / Income capitalisation
Reasons for method used	Assessment of the highest and best use analysis	Availability of market prices for similar properties	Available rental income	Available rental income	Available rental income	Available rental income
Assumptions used on income capitalisation method						
Number of years	Unexpired lease in the property is 28yrs	Unexpired lease in the property is 84yrs	Unexpired lease in the property is 84yrs	Unexpired lease in the property is 68yrs	Unexpired lease in the property is 19yrs	Unexpired lease in the property is 18yrs
Rate of outgoing (deduction for repairs & maintenance)	N/A	N/A	12%	10%	31%	11%
Capitalisation rate	N/A	N/A	6%	6%	8% plus 2.5% sinking fund	6.25%

Fair value hierarchy of investment property is shown below

At 31 December 2020 (N'000)

	Level 2	Level 3	Total
Investment property:			
- Abebe Court, Ikoyi, Lagos		6,012,065	6,012,065
- VMP I, Victoria Island, Lagos	5,890,000	-	5,890,000
- VMP II, Victoria Island, Lagos	-	9,589,069	9,589,069
- UAC Commercial Complex, Abuja	-	1,835,804	1,835,804
- Pearl Hostel, Ibeju-Lokki, Lagos	-	312,592	312,592
- Kingsway Building, Marina, Lagos	-	2,882,694	2,882,694
	5,890,000	20,632,224	26,522,224

At 31 December 2019 (N'000)

	Level 2	Level 3	Total
Investment property:			
- Abebe Court, Ikoyi, Lagos	4,989,300	-	4,989,300
- VMP I, Victoria Island, Lagos	5,780,000	-	5,780,000
- VMP II, Victoria Island, Lagos	-	10,403,414	10,403,414
- UAC Commercial Complex, Abuja	-	1,806,544	1,806,544
- No 1 -2 Factory Road, Aba	-	652,435	652,435
- Pearl Hostel, Ibeju-Lokki, Lagos	-	370,535	370,535
- Kingsway Building, Marina, Lagos	-	2,891,619	2,891,619
	10,769,300	16,124,547	26,893,847

Reconciliation of Level 3 Items

The following table presents changes in level 3 instruments

At 1 January 2019	16,124,547
Total Gains recognised through profit or loss	-
At 31 December 2019	16,124,547
Transfer to level 3 due to non availability of observable market data	4,989,300
Sale during the year	(652,435)
Improvement	227,736
Unrealised gain/(loss) recognised through through profit or loss	(56,925)
At 31 December 2020	20,632,223

Sensitivity Analysis of property on level 3:

Below is the sensitivity analysis of changes in parameter used in the valuation of the investment property. This shows the effect on the valuation if there is a plus or minus 0.5% in the valuation table scale used for the purpose of the valuation.

31 December 2020

property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Redevelopment method	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Sensitivity Analysis:	+/- 5% of Redevelopment Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	(300,603)	(294,500)	(682,041)	(54,185)	(21,828)	(89,465)
Impact of decrease in valuation scale/rate	300,603	294,500	682,041	54,185	21,828	89,465

31 December 2019

property:	Abebe Court, Ikoyi Lagos	VMP I, Victoria Island Lagos	VMP II, Victoria Island Lagos	UAC Commercial Complex, Abuja FCT Abuja	No 1 -2 Factory Road, Aba Abia	Pearl Hostel, Ibeju-Lekki Lagos	Kingsway Building, Marina Lagos
Valuation Method	Market value	Market value	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation
Sensitivity Analysis:	+/- 5% of Market Value	+/- 5% of Market Value	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate	+/- 0.5% on capitalisation rate
Impact of increase in valuation scale/rate	(249,465)	(289,000)	(800,103)	(138,937)	(42,921)	(13,511)	(289,812)
Impact of decrease in valuation scale/rate	249,465	289,000	945,576	164,198	49,524	21,826	354,215

5 Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Trust operates only one line of business, which is investing in real estate assets and other liquid assets to earn rentals or for capital appreciation or both in line with its Trust Deed. The Fund Manager does not consider it necessary to report the Trust's operations by both business and geographical segments.

	31 December 2020	31 December 2019
	₦'000	₦'000
6 Rental Income		
Rental Income	1,566,896	1,686,205
	1,566,896	1,686,205
7 Interest income on assets measured at fair value through profit or loss		
Held for trading assets:		
Corporate bonds	92,701	123,968
Treasury bills	56,555	555,885
Commercial papers	10,579	-
FGN Promissory notes	161,546	-
	321,381	679,853
8 Net gain/(loss) on financial assets held for trading		
Trading income	(3,436)	19,840
Fair value gain on held for trading instruments	249,938	80,942
	246,502	100,782
9 Net loss on financial assets at fair value through profit or loss		
Income from investment in real estate development	-	6,129
	-	6,129
10 Net gain on disposal of investment property		
Gain on disposal of investment property	101,453	-
	101,453	-
11 Other income		
Proceeds from sale of scrap items	25	11,558
Withholding tax on rent received	118,317	-
	118,343	11,558

	31 December 2020	31 December 2019
	₦'000	₦'000
12 Operating expenses		
Fund manager's fee	110,008	114,437
Property maintenance expenses	156,810	194,235
Registrar's fees	2,129	2,129
Trustees' fees	4,200	4,200
Audit fees	8,500	8,085
Professional fees	17,792	33,724
Custodian fees	22,952	24,534
AGM Expenses	2,148	2,625
Printing, advert and travels	875	228
Property manager's fees	45,478	50,619
Insurance premium	12,362	10,182
Depreciation on property & equipment (see note 17)	79,874	86,399
Depreciation on right of use assets (Note 14)	826	826
Interest expense on lease	1,841	1,571
Other operating expenses	14,739	9,099
	480,534	542,893

13 Balances with banks

- Current account with banks in Nigeria		
Balances with banks	1,305,432	3,174,924
	1,305,432	3,174,924

Balances with banks represents call account balance with United Bank of Africa (UBA) PLC.

14 Financial assets held for trading	31 December 2020 N'000	31 December 2019 N'000
Treasury bills with maturity of 90 days or less	-	152,122
Treasury bills with maturity above 90 days	1,066,602	9,717
Corporate bonds	595,929	766,834
FGN promissory note	2,185,068	-
	3,847,599	928,673
Current	2,012,240	928,673
Non-Current	1,835,359	-
	3,847,599	928,673

15 Leases	31 December 2020 N'000	31 December 2019 N'000
i Right-of-use assets		
Opening balance as at 1 January 2020	20,655	20,655
Additions during the year	-	-
Closing balance as at 31 December 2020	20,655	20,655
Depreciation		
Opening balance as at 1 January 2020	826	-
Charge for the year	826	826
Closing balance as at 31 December 2020	1,652	826
Net book value as at 31 December 2020	19,003	19,829

ii Lease liabilities	31 December 2020 N'000	31 December 2019 N'000
Opening balance as at 1 January 2020	10,676	-
Additions	-	20,655
Interest expense	1,841	1,571
Payments made during the period	-	(11,550)
Closing balance as at 31 December 2020	12,517	10,676
Current lease liabilities	-	-
Non-current lease liabilities	12,517	10,676
	12,517	10,676

iii Amounts recognised in the statement of profit or loss	31 December 2020 N'000	31 December 2019 N'000
Depreciation charge of right-of-use assets	826	826
Interest expense	1,841	1,571

iv Liquidity risk (maturity analysis of lease liabilities)	0-3 months	3-12 months	1-2 years	Above 2 years
Lease liability				
2020	-	-	-	46,200
2019	-	-	-	46,200

	31 December 2020 N'000	31 December 2019 N'000
16 Other assets		
Financial:		
Receivable from property manager	142,594	-
Receivable on James Pinnock Estate	6,129	6,129
Rent receivables	77,299	63,812
ECL provision	(13,540)	(8,055)
	212,482	61,886
Non financial:		
Prepaid expenses	15,290	12,362
WHT receivables	3,898	2,347
	19,188	14,709
	231,670	76,595
Current	231,670	76,595
Non-Current	-	-
	231,670	76,595

	31 December 2020 N'000	31 December 2019 N'000
17 Investment property		
Beginning balance	26,893,847	29,289,132
Improvement	227,736	-
Disposals	(652,435)	-
Fair value (loss)/gain	53,077	(2,395,285)
	26,522,225	26,893,847
Non-Current	26,522,225	26,893,847

Details of the investment property is in note 4.3.

18 Property and equipment	Office equipment N'000	Fixtures & fittings N'000	Total N'000
Cost			
At 1 January 2020	251,015	133,428	384,443
Additions	20,409	12,507	32,916
At 31 December 2020	271,424	145,935	417,359
Accumulated depreciation			
At 1 January 2020	187,861	56,280	244,141
Charge for the year	33,381	46,494	79,875
At 31 December 2020	221,242	102,774	324,016
Net book amount at 1 January 2020	63,154	77,148	140,302
Net book amount at 31 December 2020	50,182	43,161	93,343

Property and equipment continued	Office equipment N'000	Furnitures & fittings N'000	Total N'000
Cost			
At 1 January 2019	166,065	77,520	243,585
Additions	84,950	55,908	140,858
At 31 December 2019	251,015	133,428	384,443
Accumulated depreciation			
At 1 January 2019	131,902	25,840	157,742
Charge for the year	55,959	30,440	86,399
At 31 December 2019	187,861	56,280	244,141
Net book amount at 1 January 2019	34,163	51,680	85,843
Net book amount at 31 December 2019	63,154	77,148	140,302

19 Other liabilities

Financial liabilities:		
Fund manager's fee payable	**27,542**	28,035
Custodian fees payable	**5,449**	5,601
Dividend payable	**31,537**	6,757
Caution deposits	**500**	1,500
Accrued expenses	**100,662**	72,385
Payable to other Funds	**454,300**	-
	619,990	114,278
Non financial Liabilities		
VAT payable	**215**	215
	215	215
	620,205	114,493
Current	**620,205**	114,493
	620,205	114,493

	31 December 2020 N'000	**31 December 2019 N'000**
20 Rent received in advance		
Rent received in advance	**476,060**	556,522
	476,060	556,522
Current	**280,993**	361,455
Non-Current	**195,067**	195,067
	476,060	556,522

21 Unit holders' contribution

Authorised		
3,000,000,000 units of N10 each	**30,000,000**	30,000,000
Issued and fully paid		
2,668,269,500 units of N10 each	**26,682,695**	26,682,695

	Notes	31 December 2020	N'000 31 December 2019
22 Cash generated from operations		N'000	N'000
Reconciliation of profit after tax to cash generated from operations:			
(Loss)/profit after tax		1,932,292	(449,293)
Adjustment for:			
- Fair value (gain)/loss on investment property	17	(53,077)	2,395,285
- Depreciation on right of use assets	15	826	826
- Depreciation on property & equipment	0	79,874	86,399
- Finance cost on leases		1,841	1,571
- Fair value (gain)/loss on financial assets held for trading	8	(249,938)	(80,942)
- Net interest income	7	(321,381)	(679,853)
- Interet income on deposit with banks		(10,660)	(12,413)
- Impairment charge on receivables		5,485	8,055
Changes in working capital:			
- Financial instruments held for trading		(2,677,418)	1,826,801
-Other assets		(160,560)	(19,750)
-Account payables		505,712	44,565
-Rent received in advance		(80,462)	(231,127)
Cash generated from operations		(1,027,466)	2,890,125

23 Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprises:

	31 December 2020	31 December 2019
- Balances with banks (Note 12)	1,305,432	3,174,924
	1,305,432	3,174,924

For the purposes of statement of cash flow, cash and cash equivalents are balances that are held for the primary purpose of meeting short term cash commitments. This includes deposit held on call with banks and other short-term highly liquid investments which originally matures in three months or less from when the Trust became a party to the instrument.

24 Related party transactions

The Trust is managed by FSDH Asset Management Limited (FSDH AM). FSDH AM is a subsidiary of FSDH Holding Company Limited which owns 99.7% of the Company's share capital. FSDH AM is a co-subsidiary with FSDH Merchant Bank Limited and FSDH Securities Limited.

During the period, the following related party activities occurred:

Entity	Relationship	Type of transaction	2020 N'000	2019 N'000
FSDH Asset Management	Fund manager	Management fee	110,008	114,437
UACN Property Development Company Plc	Property manager	Property management fee	45,478	50,619
UBA Trustees Limited	Trustee	Trustee fee	2,100	2,100
FBN Trustees Limited	Trustee	Trustee fee	2,100	2,100

Key management staff has been defined as members of management staff of the Fund Manager and its other related companies. No compensation was paid to key management staff during the period (December 2019: Nil).

Units held by related parties to the Trust are listed below:

	31 December 2020 Units ₦'000	31 December 2019 Units ₦'000
Direct - UPDC	**782,806**	1,648,915
Indirect		
Mrs. Folashade Ogunde	**471**	400
Mrs. Hamda A. Ambah	**60**	50

25 Earnings per unit

(i) Basic

Basic earnings per unit is calculated by dividing the net profit after tax attributable to the unit holders of the Trust by the number of units in issue during the period.

	31 December 2020	31 December 2019
Profit/(loss) after tax attributable to unit holders of the Trust (N'000)	**1,932,292**	(449,293)
Number of ordinary units in issue (000)	**2,668,270**	2,668,270
Basic earnings/(loss) per unit (expressed in Naira per share)	**0.72**	(0.17)

(ii) Diluted

The Trust does not have potential units with convertible options and therefore there is no dilutive impact on the profit attributable to the equity holders.

	31 December 2020	31 December 2019
Diluted earnings/(loss) per unit (expressed in Naira per share)	**0.72**	(0.17)

26 Distributions

	31 December 2020 ₦'000	31 December 2019 ₦'000
Interim/proposed distribution	**1,675,664**	1,751,393

In line with the provisions of the Trust Deed, minimum of 90% of the Trust's distributable income will be distributed to unit holders at the end of every financial year. Distributable income represents the "profit after tax" add/less unrealised fair value loss/gain on investment property plus realised gain on disposed investment property.

Final distributions are not accounted for until they have been ratified at the Annual General Meeting (AGM) of the unit holders. Interim distribution was approved by the Joint Trustees. Interim distribution of 25 Kobo (December 2019 was 32 Kobo) per share totalling N667.07million (Dec 2019 was N853.85million) was paid for the six months ended 30 June 2020 while 38 Kobo totalling N1.01Billion (Dec 2019 was N897.55million) is being proposed as final distribution for the year ended 31 December 2020.

The proposed final distribution of 38 kobo will be accounted for, as an appropriation of retained earnings in the year ending 31 December 2021.

Reconciliation of distribution	**₦'000**	₦'000
Profit/(loss) after tax	**1,932,292**	(449,293)
Less replacement provision for Pearl Hostel	**(17,366)**	-
(Less)/add fair value (gain)/loss on investment property	**(53,077)**	2,395,285
Distributable income	**1,861,849**	1,945,992
Proposed distribution at 90% of distributable income	**1,675,664**	1,751,393
Interim distribution paid	**667,067**	853,846
Distribution proposed	**1,008,596**	897,547
Total distribution	**1,675,664**	1,751,393
Interim distribution paid per unit (Naira)	**0.25**	0.32
Distribution proposed per unit (Naira)	**0.38**	0.26
Total distribution per unit (Naira)	**0.63**	0.58

27 Capital commitments

The Trust had no capital commitments as at end of the period ended 31 December 2020 (31 December 2019: Nil).

28 Contingent liabilities

The Trust had no contingent liabilities as at end of the period ended 31 December 2020 (31 December 2019: Nil).

UPDC REAL ESTATE INVESTMENT TRUST
OTHER NATIONAL DISCLOSURES
FOR YEAR ENDED 31 DECEMBER 2020
VALUE ADDED STATEMENT

	Dec 2020 ₦'000	%	Dec 2019 ₦'000	%
Gross income	**2,418,311**	118	101,655	(30)
Bought-in-materials and services (local)	**(376,011)**	(18)	(436,511)	130
Value added	**2,042,300**	100	(334,856)	100
Distribution of value added:				
To Government:				
Tax	**-**	-	-	-
To Fund Manager:				
Fund manager's fee	**110,008**	5	114,437	(34)
Retained in the fund:				
Retained earnings	**1,932,292**	95	(449,293)	134
	2,042,300	**100**	**(334,856)**	**100**

UPDC REAL ESTATE INVESTMENT TRUST
OTHER NATIONAL DISCLOSURES
FOR YEAR ENDED 31 DECEMBER 2020
FIVE YEAR FINANCIAL SUMMARY

	Dec 2020	Dec 2019	Dec 2018	Dec 2017	Dec 2016
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Bank balances	1,305,432	3,174,924	34,287	465,580	7,307
Financial assets held for trading	3,847,599	926,673	3,932,783	4,858,866	5,484,515
Financial assets at fair value through profit or loss	19,003	19,829	-	2,016,969	2,684,945
Other assets	231,670	76,595	64,899	157,188	258,645
Property and equipment	93,343	140,302	85,843	89,519	126,651
Investment property	26,522,225	26,893,847	29,289,132	23,869,750	23,428,563
Fixtures and fittings			-	-	-
TOTAL ASSETS	32,019,272	31,234,169	33,406,944	31,447,871	31,990,626
LIABILITIES					
Other liabilities	1,108,782	681,691	857,577	209,132	1,138,875
Net assets attributable to unitholders	30,910,490	30,552,478	32,549,367	31,238,739	30,851,751
Represented by:					
Unit holders' contributions	26,682,695	26,682,695	26,682,695	26,682,695	26,682,695
Retained earnings	4,227,795	3,869,783	5,866,672	4,556,044	4,169,056
	30,910,490	30,552,478	32,549,367	31,238,739	30,851,751
INCOME STATEMENT					
Rental income	1,566,896	1,686,205	1,324,867	1,124,723	1,104,033
Fair value gain/(loss) on investment property	53,077	(2,395,285)	1,774,014	356,410	(204,637)
Interet income on deposit with banks	10,660	12,413	24,455	7,434	
Interest income on assets measured at fair value through prof	321,381	579,853	812,386	1,123,605	750,272
Net gain on financial assets held for trading	246,502	100,762	(71,221)	79,696	(98,166)
Net gain on financial assets at fair value through profit or loss	-	6,129	(812,963)	(139,474)	292,580
Net gain on disposal of investment property	101,453	-	-	-	-
Other income	118,343	11,558.00	1,155	85,385	-
Impairment charge on receivables	(5,485)	(8,055)	-	-	-
Operating expenses	(480,534)	(542,893)	(407,930)	(429,432)	(331,943)
	1,932,292	(449,293)	2,644,763	2,208,347	1,512,139
Tax	-	-	-	-	-
	1,932,292	(449,293)	2,644,763	2,208,347	1,512,139